



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 27, 1999

S. 1214

Federalism Accountability Act of 1999

As ordered reported by the Senate Committee on Governmental Affairs on August 3, 1999

S. 1214 would require Congressional committees and federal agencies to report on the extent that legislation, administrative rules, and federal court decisions preempt state or local authority. The bill also would require federal agencies to consult with state and local officials prior to issuing administrative rules that could preempt their authority. S. 1214 would allow the courts to review assessments performed by federal agencies as part of their review of agency rulemaking records. In addition, the bill would place additional reporting requirements on Congressional committees, CBO, and the Congressional Research Service (CRS). Subject to the availability of appropriated funds, CBO estimates that implementing the legislation would cost up to \$500,000 each year.

For executive branch agencies, the provisions in S. 1214 are very similar to provisions contained in Executive Order 13132, which President Clinton signed on August 4, 1999, and in the Unfunded Mandates Reform Act (UMRA). For instance, the executive order requires executive branch agencies to consult extensively with state and local officials on rules or other actions that could encroach on state and local authorities. In addition, the order also requires agencies to issue federalism assessments for certain rules, although S. 1214 would require some additional information and would apply to more rules. (The executive order limits the assessments to rules or other actions that have "substantial direct effects" on state or local governments.) UMRA requires that agencies consult with state and local officials and, for any major rule (that is, a rule with expected annual costs to state and local governments of \$100 million or more), issue a statement assessing the rule's impact on state and local governments. Because much of S. 1214 would codify existing consultative and analytical requirements, CBO estimates that implementing these provisions would cost executive branch agencies less than \$250,000 a year, subject to available amounts.

Under S. 1214, a committee would be required to include a statement in its report on whether the legislation preempts state or local laws. The Office of Management and Budget and CRS would be required to identify, compile, and summarize preemptions in agency rulemaking and judicial decisions, respectively, that occurred during the year. CBO would include this

information in an annual report, along with a summary of statutes enacted and legislation reported from committees that preempted state or local government authority. In addition, the bill would direct CBO to include in its cost estimates information about states' flexibility in complying with certain legislative mandates in large entitlement programs. CBO estimates that implementing the bill would cost legislative branch agencies less than \$250,000 annually, subject to the availability of appropriated funds.

Because enacting S. 1214 could affect direct spending by agencies not funded through annual appropriations, such as the Office of Thrift Supervision and the Tennessee Valley Authority, pay-as-you-go procedures would apply. CBO estimates that any such effects would not be significant. S. 1214 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on the budgets of state, local, or tribal governments.

The CBO staff contacts are John R. Righter and Mary Maginniss. This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.